Notification of Modified National Agricultural Insurance Scheme (MNAIS) for Kharif 2011 on pilot basis

Government of Maharashtra
Agricultural, Animal Husbandry, Dairy Development & Fisheries Department
Government Resolution No NAIS -2010/C.R. 56/11-A
Mantralaya Annex, Mumbai 400 032.
Date: 10th **June, 2011**

Read : 1) Ministry of Agri, Dept. of Agri.& Cooperation, GoI, New Delhi, letter No.13011/ 02 / 2008 - credit II, Dated 17th September, 2010.
2) Ministry of Agri, Dept. of Agri.& Cooperation, GoI, New Delhi, letterNo.13011/ 02 /2008 - credit II, Dated 28th September, 2010.
3) Ministry of Agri, Dept. of Agri.& Cooperation, GoI, New Delhi, letter No.13011/ 02/ 2008 - credit II, Dated 10th March, 2011.
4) Government resolution Agricultural, Animal Husbandry, Dairy Development & Fisheries Department No. NAIS-2011/CR-56/11A, Dated- 9th June, 2011
5) AIC letter No. MRO/MNAIS KH-11/Notification/259/2011, Dated- 6th June, 2011

Resolution:

National Agricultural Insurance Scheme (NAIS) is being implemented in the notified areas for notified crops in Maharashtra from Rabi 1999-2000 in cooperation with Agriculture Insurance Company of India Ltd. (AIC) to insulate farming community against agriculture risk. In view of representations, suggestions received from various levels, on going National Agricultural Insurance Scheme (NAIS) has been reviewed to make it more farmer friendly and accordingly the scheme has been modified as a new scheme namely Modified National Agricultural Insurance Scheme (MNAIS) by Government of India. MNAIS aims at sustainable production in agriculture sector there by ensuring food security, crop diversification and enhancing growth and competitiveness in Agriculture sector besides protecting farmers from production risk.

The salient features in MNAIS as proposed by Government of India are as below:-

1. Minimum indemnity level in case of MNAIS is 70 % instead of 60 % as in NAIS.
2. Actuarial premiums will be paid for insuring crops and hence claims liability will be on insurer. 3. More proficient basis for calculation of threshold yield (average yield of last 7 years excluding upto two years of declared natural calamity) will be applicable.
4. An individual assessment of claims will be carried out in case of specified localized calamity viz. hailstorm , landslide.
5. Uniform seasonality norms are applicable for both loanee & non-loanee farmers.
6. Indemnity amount will become payable for prevented sowing / planting risks and for post harvest losses , due to cyclones.
7. On account payment upto 25 % of likely claims will be released as advance for providing immediate relief to farmers during adverse season.

According to the decision taken in SLCCCI meeting held on 26th May, 2011, it has been decided to implement Modified National Agricultural Insurance Scheme (MNAIS) in co-operation with AIC of India on following conditions-

1. CROPS AND AREA TO BE COVERED

MNAIS is to be implemented on pilot basis in four tehasils namely Rahuri (Dist.Ahmednagar), Mehkar (Dist. Buldhana), Akola (Dist. Akola) and Washim (Dist.

Washim) for Soyabean crop in Kharif 2011, in notified areas of circles or a group of circles as shown in the annexure 1 appended to this resolution.

2. FARMERS TO BE COVERED

All farmers, mentioned below growing notified crops in notified areas are eligible for coverage under MNAIS -

i) Individual owner -cultivator/ tenant farmers / share croppers.
ii) Farmers enrolled under contract farming, directly or through promoters / organizers.
iii) Groups of farmers / societies serviced by Fertilizer Companies, Pesticide firms, Crops Growers associations, Self Help Groups (SHGs), Non Government Organization (NGOs) and others.

This scheme will extend coverage component wise

a) Compulsory component- All farmers availing Seasonal Agricultural Operations (SAO)

Loans from financial institutions (i.e. Loanee farmers) would be covered compulsorily.
b) Voluntary component- The Scheme would be optional for non- loanee farmers.

3. RISKS COVERED & EXCLUSIONS

A) STANDING CROP (sowing to Harvesting)

Comprehensive risk insurance is provided to cover yield losses due to non - preventable risks, viz:

i) Natural Fire and Lighting
ii) Storm, Hailstorm, Cyclone, Typhoon, Tempest, Hurricane, Tornado etc.
iii) Flood, Inundation and landslide
iv) Drought, dry spells
v) Pests / Diseases etc.

B) PREVENTED SOWING / PLANTING RISK

In case farmer of an area is prevented from sowing / planting due to deficit rainfall or adverse seasonal conditions, such insured farmer who failed to sow / plant (but otherwise has every intention to sow /plant and incurred expenditure for the purpose), shall be eligible for indemnity. The indemnity payable would be a maximum of 25 % of the sum - insured. The scale of payment will be worked out in consultation by implementing agency with experts.

C) GENERAL EXCLUSIONS

Losses arising out of war & Nuclear risks, malicious damage and other preventable risks shall be excluded.

4. SUM INSURED / LIMIT OF COVERAGE

In case of Loanee farmers under Compulsory Component, the Sum Insured would be at least equal to the amount of crop loan sanctioned / advanced, which may be extended up to the value of the threshold yield of the insured crop at the option of insured farmer. Where value of the threshold yield is lower than the loan amount per unit area, the higher of the two is the Sum insured. Multiplying the Notional Threshold Yield (district / region / state level) with the Minimum Support Price (MSP) of the current year arrives at the value of Threshold Yield. Wherever Current Years MSP is not available, MSP of previous year shall be adopted.

The crops for which MSP is not declared, farm gate price established by the marketing department / board shall be adopted.

Further, in case of Loanee farmers, the Insurance Charges payable by the farmers shall be financed by loan disbursing office of the bank, and will be treated as additional component to the Scale of Finance for the purpose of obtaining loan. For farmers covered on voluntary basis, the sum-insured is upto the value of Threshold yield of the insured crop. If the farmer so desires, he / she may be provided with higher level of risk coverage. Sum insured up to value of threshold yield of notified area with normal premium subsidy but sum insured above the value of threshold yield and up to 150 % of the value of average yield without premium subsidy. i.e. Farmer is required to pay premium at actuarial rates.

5. PREMIUM SUBSIDY

While premium rates are to be worked out on actuarial basis, the premium paid by the farmer is subsidized on the following premium subsidy pattern

Sr. No.	Premium Slab	Subsidy to Farmers
1	Upto 2%	NIL
2	>2 - 5%	40 % subject to minimum net premium of 2 %
3	>5-10 %	50 % subject to minimum net premium of 3 %
4	> 10-15 %	60 % subject to minimum net premium of 5 %
5	> 15 %	75 % subject to minimum net premium of 6 %

Before start of each season, insurance company will work out premium on actuarial basis, as well as net premium rates (premium rates actually payable by farmers after premium subsidy for each notified crop). Premium subsidy will be shared equally by Government of India and State Government.

6. Premium rates and Sum Insured for Soyabean crop as per eligible level of indemnity

Tehasil / District	Level of Indemnity	Normal coverage per hectare (upto value of T.Y.)			Additional coverage per hectare (beyond T.Y. And upto 150% of A.Y.)		Total Sum Insured (Rs./ha)
		Sum Insured (Rs.)	Normal Premium Rate (%)	Net premium rate (after subsidy) (%)	Sum Insured up to (Rs.)	Premium rate (%)	
Rahuri, Dist. A`nagar	70%	8700	18.00	6.0	9900	18.00	18600
Mehkar, Dist. Buldhana	70%	11100	18.00	6.0	12600	18.00	23700
Akola, Dist. Akola	70%	11400	18.00	6.0	13000	18.00	24400
Washim, Dist. Washim	70%	9500	18.00	6.0	10900	18.00	20400

6.1. A comprehensive relief package has been announced to prevent farmers suicide in Vidarbha Region vide Govt. Resolution No. NAIS/205/CR352/11-A, Dated 24th February, 2006 which includes three districts namely Akola, Buldhana and Washim. In these three districts, Government of Maharashtra will pay 45% subsidy in premium to small and marginal farmers for notified Soyabean crop. Small and Marginal farmers will pay premium at following rates. Where farmer opts for sum insured above normal coverage and up to 150 % of the value of average yield insurance cover is available without premium subsidy i.e., farmer is required to pay premium at actuarial rates.

Tehasil / District	Level of Indemnity	Normal coverage per hectare (upto value of T.Y.)		
		Sum Insured (Rs.)	Normal Premium Rate (%)	Net Premium (after applying premium subsidy) (%)
Mehkar, Dist. Buldhana	70%	11100	18.00	3.90
Akola, Dist Akola	70%	11400	18.00	3.90
Washim, Dist.Washim	70%	9500	18.00	3.90

6.2. For the purpose of subsidy on premium to small & marginal farmers under the above mentioned MNAIS, the definition of Small farmer is a farmer owning less than 2 hectares of land & a marginal farmer is a farmer owning less than 1 hectare of land.

6.3 Nodal Bank system applicable presently under NAIS will continue for MNAIS as well, wherein the insurance company is not required to deal with all loan disbursing points and deals only with designated "nodal points", at district level which are mostly controlling offices.

7. SCHEME APPROACH AND UNIT OF INSURANCE

A) WIDESPREAD CALAMITIES

The scheme would operate on the basis of 'Area Approach' i.e., Defined Areas (i.e unit area of Insurance for each notified crop for widespread calamities).

B) LOCALIZED RISKS

In case of localized risks Viz. hailstorm and landslide, the claims will be assessed on individual basis.

8. SEASONALITY DISCIPLINE

(a) The seasonality discipline **for Loanee and Non-Loanee** farmers will be as under

Activity	Period
Loaning period (Loan Sanctioned) for Loanee farmers covered on compulsory basis.	1st April, 2011 to 15th July, 2011.
Cut off date for receipt of proposals of farmers covered on voluntary basis.	15th July, 2011
Cut off date for receipt of declaration of loanee farmers by A.I.C. covered on compulsory basis from bank.	31st July, 2011
Cut off date for receipt of declarations of farmers by A.I.C. covered on voluntary basis from banks.	31st July, 2011

9. ESTIMATION OF CROP YIELD AND SUBMISSION OF YIELD DATA

The State Government will plan and conduct the requisite number of Crop Cutting Experiments (CCEs) for notified crop (i.e. Soyabean) in the notified insurance units in order to assess the crop yield. The State govt. will maintain single series of Crops Cutting Experiments (CCEs) and resultant yield estimates, both for Crop Production estimates and Crop Insurance. Planning and supervision for all CCEs will be of the same order as that of General Crop Estimation Surveys (GCES).

It is directed that minimum 10 crop cutting experiments should be conducted at circle or group of circle level wherever it has been decided to consider circle or a group of circles as insurance unit. It is directed to calculate compensation under this scheme considering average yield data based on the crop cutting experiments at circle or group of circle level.

The Commissioner of Agriculture, Maharashtra State, Pune should make arrangements to furnish the average yield based on the data of crop cutting experiments of the defined areas directly to the Agriculture Insurance Company of India Ltd. before 31st January, 2012 for Soyabean crop.

In instances where required number of CCEs could not be conducted due to non-availability of adequate cropped area, the yield data for such units can be generated by Insurer by proxy indicators, such as clubbing with neighboring / contagious units, adopting yield of next higher unit, yield data generated by correction / correlation factor with next higher unit etc.

10. THRESHOLD YIELD

The Threshold yield (TY) or Guaranteed yield for a crop in a Insurance Unit shall be the average yield of the preceding 7 years excluding the year(s) in which a natural calamity such as drought, floods etc. may have been declared by the concerned Government / authority, multiplied by level of indemnity. However, it may be ensured that at least five years yield data is available for calculating the threshold yield. The proposals along with notification for excluding the two calamity years (drought, flood etc.) shall be submitted through the District Collectors of the concerned districts with respect to the notified insurance units of the tehasils wherein MNAIS is to be implemented on pilot basis. Not more than two such years will be excluded from calculation of Threshold yield even in instances where calamity years are more than two during the preceding seven years.

11. NATURE OF COVERAGE AND INDEMNITY

(A) WIDE SPREAD CALAMITIES

The scheme would operate on the basis of 'Area Approach' i.e., Defined Areas for each notified crop for widespread calamities.

If the 'Actual Yield' (AY) per hectare of the insured crop for the defined area [on the basis of requisite number of Crop Cutting Experiments] in the insured season, falls short of the specified 'Threshold Yield' (TY), all the insured farmers growing that crop in the defined area are deemed to have suffered shortfall in their yield. The Scheme seeks to provide coverage against such contingency.

<u>Indemnity</u> Shall be calculated as per the following formula

$$\text{Claims payable} = \frac{\text{Shortfall in Yield}}{\text{Threshold Yield}} \times \text{Sum Insured}$$

[Shortfall = ' Threshold Yield - Actual Yield' for the Defined Area]

The claim will be settled solely on the basis of the yield data furnished by the Commissionerete of Agriculture arrived at through the crop cutting experiments (CCEs) conducted by the State Government under the general crop estimation survey and not on any other basis such as Paisewari / declaration of famine/drought/flood by any Government Department / agency or any Panchanama etc or certificate issued by any government authority.

(i) ON ACCOUNT PAYMENT OF CLAIMS:

In case of adverse seasonal conditions during crop season, claim amount upto 25 percent of likely claims would be released in advance subject to adjustment against the claims

assessed on yield basis. The on account payment will be considered only if the expected yield during the season is less than 50 percent of normal yield. The criteria for deciding on-account payment of claims shall be based on proxy indicators such as weather, agro - meteorological data / satellite imagery / acreage damaged or such other indicators to be decided by the Government, and will be implemented in States and for crops for which such proxy indicators can be established in the event of occurrence of such situation. Weather data recorded at IMD, State Government or any other public weather station will be used for the purpose.

(ii) PREVENTED SOWING / PLANTING CLAIMS:

The extent of claims payable will be decided in respect of the insurance unit area on the basis of rainfall position issued by the concerned Indian Meteorological Department (IMD) for the area during the sowing season and acreage-sown particulars issued by the State Government. Other authentic rain gauge stations which the government shall install for the purpose / insurer / insurer nominated agencies can also be considered for the purpose of measuring rainfall. The maximum claims payable will be 25 percent of the sum-insured. Having received indemnity based on prevented sowing / planting, the insurance cover is automatically terminated. However due to non availability of IMD rain gauge station in all selected tehasils, the claim payable will be decided on basis of rainfall position available on state Government rain gauge stations at each tehasils.

B) LOCALIZED RISKS:

The losses would be assessed on individual basis in case of loss / damage resulting from occurrence of identified localized risks viz., hailstorm and landslide. The cost of inputs incurred until the time of occurrence of peril and the expected loss in final yield due to the peril, would form the basis for loss assessment. In case of localized risks, implementing agency may utilize the services of concerned departments of the State Government, such as Agriculture, Revenue and Rural Development.

C) PROCEDURE OF SETTLEMENT OF CLAIMS:

a) Upfront premium subsidy from Government of India and concerned State Government, should have been received in full for the season, by insurance company to enable to settle the claim.

b) In case of widespread calamity (end of season claims), once yield data is received from State Government as per the cut-off-dates decided, claims will be worked out as per Declarations received from banks / channel partners / insurance intermediaries for each notified area and claims will be approved by Competent Authority of Insurance company.

c) In case of farmers covered on compulsory basis, claim cheques along with claim particulars will be released to individual nodal banks and banks, at grass root level, will credit accounts of individual farmers and display particulars of beneficiaries on notice board.

d) In case of farmers covered on voluntary basis, claim cheques in name of the insured farmers will be dispatched, either to individual farmers or routed through concerned channel partner for onward transmission on submission of advance discharge voucher by farmer.

e) In case of claims under prevented/failed sowing, localized calamity, insurance company will get claims approved by their competent authority after assessment and shall release the claims as given in (c) and (d) above.

f) Insurance company shall take all necessary steps to take appropriate reinsurance cover for their portfolio in order to safeguard insuree`s interests. In case premium to claims ratio exceeds 1:5 and insurance company fails to get appropriate cover, Government of India will provide protection to insurance company. For this purpose, Catastrophic fund at national level will be set up which would be contributed by Central and State Governments on 50:50 basis and overall loss exceeding 500% of gross premium will be met out of this fund.

g) Disputed claims / substandard claims, if any will be referred through SLCCCI to Government of India for consideration by insurance company; and decision of Government of India in case of any interpretation of provisions of scheme or disputes will be binding on State Govt. / Insurance Company / Banks and the farmers.

12. COMMISSION & BANK SERVICE CHARGES

The servicing banks are allowed 2.5% of premium as service charges.

13. SERVICE TAX

MNAIS is replacement scheme of NAIS and hence exempted from Service Tax at par with NAIS.

14. SHARING OF RISK

All claims will be borne by the Insurance Company

15. District level crop coordination Committee

The District level coordination Committee, constituted as per the Government Resolution No. NAIS-12991/CR-89/11A,Dt. 4th December,1999, is authorized to oversee the implementation of MNAIS in the district.

16. State Level Co-ordination Committee for Crop Insurance

The SLCCCI Constituted as per the Government Resolution No. NAIS-(IS-12991/CR-89/11A, Dt. 4th December, 1999 is authorized to oversee the implementation of MNAIS in the State.

17. The expenditure on this account should be debited to the budget head Demand No. D-3, 2401-Crop Husbandry-110 Crop Insurance-110 (ii) Scheme in the Five Year Plan-State Plan Schemes, (00) (02) Comprehensive Crop Insurance Scheme (2401 0922)-33- subsidies.

18. MONITORING & EVALUATION

The proposed scheme shall be monitored closely at the levels of district & state by the State Government, the implementing Agencies, Government of India As the proposed Modified NAIS is to be implemented on the pilot basis in 4 districts, independent evaluation of the scheme shall be carried out after two years of implementation. Evaluation has been considered as an essential aspect of the formulation and execution of this scheme which is essential for the assessment of the progress & impact of programs and for analysis of the reasons for success or failure and indication of the direction of improvement in programs operation. Keeping this in view, an independent evaluation of Pilot Modified NAIS may be carried out through study for assessing the impact and success of the scheme with respect to the set objectives and based on the findings of the evaluation study, possibility to extend the scheme to implement in all the districts in place of NAIS during 12 th Five Year Plan would be examined.

19. This Government Resolution is being issued as per the approval given by the State Level Coordination Committee for Crop Insurance for Modified National Agricultural Insurance Scheme in the meeting held on 26th May, 2011.

20. This Government Resolution is made available on the web site of Government of Maharashtra's website **www.maharashtra.gov.in** and its unique code number is 20110610115757001.

By order and in the name of the Governor of Maharashtra.

Encl : Annexure-1 (As above)

(B. D. Umate)
Under Secretary, Government of Maharashtra

To,

1) The Secretary to the Government of India, Ministry of Agriculture, Department of Agriculture and Cooperation, Krishi Bhavan, New Delhi (by letter)
2) Chief Secretary, Government of Maharashtra, Mantralaya, Mumbai 400 032
3) Principal Secretary, Revenue Department, Mantralaya, Mumbai 400 032
4) Principal Secretary, Finance Department, Mantralaya, Mumbai 400 032
5) Principal Secretary, Planning Department, Mantralaya, Mumbai 400 032
6) Principal Secretary, Agriculture & ADF Department, Mantralaya, Mumbai 400 032
7) Principal Secretary, Co-operation Department, Mantralaya, Mumbai 400 032
8) The Commissioner of Agriculture, Maharashtra State, Pune (5 copies)
9) The Commissioner of Cooperation and Registrar of Cooperative Societies, Maharashtra State, Pune
10) The Additional Registrar of Cooperative Societies, Maharashtra State, Pune
11) The Chief Statistician, Commissionerete of Agriculture, Maharashtra State, Pune. (5copies)
12) The Regional Manager, Agriculture Insurance Company of India Ltd., Bombay Stock Exchange Building,20th Floor, Dalal Street, Mumbai 400 001
13) The General Manager, Maharashtra State Cooperative Bank Ltd., 9 Nagindas Street, Mumbai 400 023
14) The Chief Officer, Central Finance Agency, Maharashtra State Cooperative Bank Ltd., 9 Nagindas Street, Mumbai 23.
15) The Chief Officer, Rural Planning and Credit Department, Reserve Bank of India, New Central Office, fort, Mumbai 400 001
16) The Manager, Reserve Bank of India, Regional Office, Dr. Annie Besant Road, Worli,Mumbai 18
17) The General Manager, NABARD, Poonam Chambers, Shivsagar Estate, Dr. Annie Besant Road, Worli, Mumbai 400 018
18) The Deputy General Manager, NABARD, 54 Wellesly Road, Shivajinagar, Pune- 5
19) The Dy. General Manager, SLBC, Bank of Maharashtra,1501, Shivajinagar, Pune- 5
21) Manager, District Cooperative Bank ,Ahmednagar / Buldhana / Akola / Washim.
22)l District Collector, Ahmednagar / Buldhana / Akola / Washim.
23) Chief Executive Officer, Zilla Parishad, Ahmednagar / Buldhana / Akola / Washim.
24) All Divisional Joint Directors of Agriculture / All Divisional Statisticians, C/o. office of the Divisional Jt.Director of Agriculture
25) District Superintending Agriculture Officers Ahmednagar / Buldhana / Akola / Washim.
26) The Credit Specialist, Planning Department, Mantralaya, Mumbai 400 032
27) The Director General of Information and publicity, Mantralaya, Mumbai (for publicity)
28) Select File, 11-A